

Message Text

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PAGE 01 KUWAIT 05260 100855Z

17

ACTION EB-07

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 NEA-10 ISO-00

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04

TRSE-00 ACDA-07 FEA-01 PA-01 PRS-01 /135 W

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R 100715Z NOV 76

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 6597

INFO AMEMBASSY ABU DHTBI

AMEMBASSY ALGIERS

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY QUITO 083

AMEMBASSY TEHRAN

AMEMBASSY TRI BLI

AMEMBASSY VIENNA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

USINT BAGHDAD

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E.O. 11652: N/A

TAGS: ENRG, KU

SUBJ: KUWAIT PETROLEUM DEVELOPMENTS

REF: (A) TEHRAN 10950 (NOTAL), (B) KUWAIT 5071,

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PAGE 02 KUWAIT 05260 100855Z

(C) KUWAIT 4846

1. LIFTINGS. LIKE IRAN, KUWAIT IS TAKING ADVANTAGE OF CURREHZ RUSH TO TIE UP OPEC OIL BY NOT ONLY ELIMINATING DISCOUNTS ON SUPPLEMENTAL SUPPLIES BUT ALSO MAKING CONDITIONS TYING TO SOME EXTENT FOURTH QUARTER 1976 LIFTINGS TO 1977 PURCHASES. KUWAIT HAS NOT, HOWEVER, REQUIRED THAT ITS THREE MAJOR CUSTXXERS - BP, GULF AND SHELL - CONTINUE TO LIFT THE EXTRAORDINARY, NON-DISCOUNTED QUANTOAS OF OIL CONTRACTED FOR THE FOURTH QUARTER OF 1976 DURING THE FIRST QUARTER OF 1977. WELL-INFORMED LOCAL PETROLEUM INTELLIGENCE WEEKLY CORRESPONDENT AND GULF REP TELLS US THAT CONTRACTS FOR THESE SUPPLEMENTAL QUANTITIES - 100,000 BB/DAY FOR GULF, 100,000 BB/DAY FOR BP AND 100,000 BB/DAY FOR SHELL - APPLY ONLY TO THE FOURTH QUARTER OF 1976. WHAT COMPANIES HAVE DONE IS AGREE TO OFFLIFT AT ANNUAL CONTRACTUAL LEVELS FOR THE FIRST QUARTER OF 1977, RATHER THAN CUT COMSUMPTION DRAMATICALLY, AS HAPPENED AFTER THE BUYING SPREE PRIOR TO OPEC'S 10 PERCENT PRICE HIKE IN OCTOBER, 1975.

2. KUWAIT OIL PRODUCTION CONTINUES ON UPSWING. MINISTRY OF OIL FIGURES INDICATE TOTAL KUWAITI PRODUCTION FOR OCTOBERTRAT 2.66 MILLION BB/DAY, UP 68.63 PERCENT FROM OCTOBER 1975. SPURT IN LAST THREE MONTHS FROM PREVIOUS LOW LEVELS OF 1.6-1.8 MILLION BB/DAY HAS BROUGHT JAN-OCT 1976 PRODUCTION AVERAGE UP TO 1.97 MILLION BB/DAY. HJITH CONTINUED INCREASED PRODUCTION, OVERALL LEVEL FOR YEAR LIKELY TO BE APPROXIMATE 2 MILLION BB/DAY, LITTLE CHANGED FROM 1975.

3. OPEC PRICE RISE. APPOINTMENT OF OIL MINISTRY UNDERSECRETARY MAHMOUD AL-'ADASANI AS KUWAIT'S REPRESENTATIVE ON OPEC BOARD OF GOVERNORS RECENTLY MADE PUBLIC. IN MEETING WITH VISITING STAFFDEL VAN DUSEN NOV 4 'ADASANI EXPRESSED CONFIDENCE THAT OPEC PRICE RISE AT DECEMBER DOHA MEETING WOULD BE "AROUND 10 PERCENT". MATTER OF FACT WAY IN WHICH 'ADASANI EXPRESSED OPINION, AS IF THE MATTER WAS ALREADY SETTLED, LEFT IMPRESSION THAT KUWAITIS MAY HAVE ALREADY COORDINATED THEIR POSITION WITH OPEC HEAVYWEIGHT, SAUDI ARABIA. MAESTRONE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, PETROLEUM INDUSTRY, PRODUCTION DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 10 NOV 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KUWAIT05260
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760418-0796
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761163/aaaacclp.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 TEHRAN 10950, 76 KUWAIT 5071
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 28 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 APR 2004 by CollinP0>; APPROVED <02 AUG 2004 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: KUWAIT PETROLEUM DEVELOPMENTS
TAGS: ENRG, KU
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006